



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

July 15, 1991

PERSONNEL MANAGEMENT LETTER NO. 91-5 (575)

SUBJECT: Departmental Policy on Pay Reform: Recruitment
Bonuses, Relocation Bonuses and Retention Allowances

Attached is the Department's policy regarding the implementation of section 208 of the Federal Employees Pay Comparability Act of 1990. This section covers the following provisions: payment of recruitment bonuses, relocation bonuses and retention allowances. The Department's policy incorporates comments made by bureau personnel offices in response to Personnel Management Bulletin No. 91-74, dated May 21, 1991.

This policy will be incorporated in an appropriate chapter of the Departmental Manual when it is revised in the future.

A handwritten signature in black ink, appearing to read "Morris A. Simms", is positioned above the printed name.

Morris A. Simms
Director of Personnel

Attachment

INQUIRIES:

Alan Coulter, Division of Employee Relations,
Room 5219, Telephone 208-5284, Mail Stop 5203

Recruitment Bonuses, Relocation Bonuses, and
Retention Allowances

I. Authorities

- 5 U.S.C. 5753 and 5 CFR Part 575, Subpart A for recruitment bonuses;
- 5 U.S.C. 5753 and 5 CFR Part 575, Subpart B for relocation bonuses;
- 5 U.S.C. 5754 and 5 CFR Part 575, Subpart C for retention allowances

II. Policy.

The Department of the Interior hereby establishes a policy for the payment of recruitment bonuses, relocation bonuses, and retention allowances in accordance with the regulations issued by the Office of Personnel Management (OPM) in 5 CFR Part 575. Heads of bureaus and offices will be responsible for administering this policy.

A. Approving Officials.

1. The Executive Resources Board (ERB) approves recruitment bonuses, relocation bonuses and retention allowances for employees occupying positions in the Senior Executive Service, Senior Level, and Scientific and Technical categories.

2. Bureaus will designate an official(s) with authority to recommend the payment or discontinuance of all other recruitment bonuses, relocation bonuses, and retention allowances. Determinations to make or to deny such a payment for employees at GS-11 and below will be reviewed and approved at the bureau headquarters level. Determinations on payments for employees at GS-12 and above (other than those mentioned in A1 above) will be reviewed and approved by the appropriate assistant secretary for the bureau.

3. Requests requiring Departmental approval should be addressed to the Assistant Secretary, Policy, Management and Budget through the appropriate Assistant Secretary or equivalent official. These include cases designated for ERB approval.

B. Criteria for Payment. The following criteria must be met or considered in authorizing these payments:

1. Recruitment and Relocation Bonuses. Each bonus paid will be based on a written determination that, in the absence of a bonus, the bureau would encounter difficulty in filling the position with a high quality candidate. In determining whether a recruitment bonus or relocation bonus should be paid and in determining the amount of such a payment, the following factors will be considered:

a. The success of recent efforts to recruit high quality candidates for similar positions;

b. Recent turnover in similar positions;

c. Labor market factors that may affect the ability of the bureau to recruit high quality candidates for similar positions now or in the future;

d. Special qualifications needed for the position; and

e. In the case of recruitment bonuses, the practicality of using the superior qualifications appointment authority alone or in combination with a bonus.

2. Retention Allowances. Each allowance paid will be based on a written determination that the unusually high or unique qualifications of the employee or a special need of the bureau for the employee's services makes it essential to retain the employee and that, in the absence of such an allowance, the employee would be likely to leave the Federal service. This determination will be based on a written description of the extent to which the employee's departure would affect the bureau's ability to carry out an activity or perform a function essential to the bureau's mission. Payment of a retention allowance may only be made if the employee has completed one year of continuous service with the bureau immediately prior to such payment. In determining whether a retention allowance should be paid and the amount of such a payment, bureaus should consider the following factors:

a. The success of recent efforts to recruit candidates and retain employees with qualifications similar to those of the employee for positions similar to the employee's position;

b. The availability in the labor market of candidates for employment who could perform the full range of duties and responsibilities assigned to the position held by the employee.

C. Payment of Bonuses and Allowances.

1. Recruitment and relocation bonuses are calculated as a percentage of the employee's rate of base pay and are paid as a lump sum. The maximum bonus will not exceed 25 percent of the employee's rate of basic pay. The amount of a relocation bonus for a law enforcement officer (as defined in 5 CFR 575.205(b)) may not exceed the greater of \$15,000 or 25 percent of the officer's basic pay.

2. The following requirements apply to payment of retention allowances:

a. A retention allowance is calculated as a percentage of the employee's rate of basic pay and paid in the same manner and at the same time as basic pay. The maximum allowance will not exceed 25 percent.

b. A retention allowance may not be authorized for an employee to the extent that such an allowance, when added to the annual rate of all other continuing payments to which the employee is entitled, would cause the annual rate of all continuing payments to exceed the rate then payable for level I of the Executive Schedule.

c. The bureau may continue payment of a retention allowance as long as the conditions giving rise to the original determination to pay the allowance still exist. Bureaus will review each allowance determination at least annually to determine if payment is still warranted. This determination will be certified in writing by the approving official.

d. Bureaus will reduce or terminate retention allowances when the conditions described in 5 CFR 575.307 are met.

3. The payment of a bonus or allowance in one instance will not require a similar decision in other instances in the bureau.

4. Determinations on the payment or nonpayment (or discontinuation of) bonuses or allowances are final. Employees will have no right to appeal or grieve such determinations.

D. Requirements for Service Agreements.

1. Before a recruitment bonus is paid, the employee will sign a written service agreement to complete a minimum of 12 months service with the Department.

2. Before a relocation bonus is paid, the employee will sign a written service agreement to complete a minimum of 12 months service with the Department at the new duty station.

3. If the employee fails to complete the length of service required in paragraphs 1 or 2, he or she will be required to reimburse the Department for the amount of the bonus on a pro rata basis.

4. When an employee is involuntarily separated, or, in the case of a relocation bonus, is provided with a written determination by the head of the bureau that it is necessary to relocate the employee to a position in a different commuting area, reimbursement does not apply. Bureaus may also consider waivers of reimbursement in cases of emergency or personal hardship.

5. In the case of a temporary change in duty station for less than 12 months, the service agreement for a relocation bonus may provide for a shorter minimum period of employment. This determination will be made in writing and include the reasons for the determination.

E. Records and Reports.

1. Bureaus will keep a record of each determination documenting application of the criteria in section III B of this plan. A copy of this information will be submitted also to PAY/PERS as part of the regular submission for OPM's Central Personnel Data File.

2. Bureaus will maintain such other records and data as are necessary in order to respond to requests from the Department or OPM.

3. Bureaus will include review of the use of these authorities in their internal personnel management evaluation programs.